

Town of Gibsland  
*Gibsland, Louisiana*

Annual Financial Statements  
As of June 30, 2014 and for the Two Years Then Ended

Town of Gibbsland  
Annual Financial Statements  
As of and for the Two Years Ended June 30, 2014  
With Supplemental Information Schedules

CONTENTS

	Statement	Page
Required Supplemental Information (Part I)		
Management's Discussion and Analysis		1
Independent Auditor's Report		7
<u>Basic Financial Statements</u>		
Government-Wide Financial Statements:		
Statement of Net Assets	A	9
Statement of Activities		
For the Year Ended June 30, 2014	B	10
For the Year Ended June 30, 2013	C	11
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	D	12
Reconciliation of the Government Funds Balance Sheet to The Government-Wide Financial Statement of Net Assets	E	13
Statement of Revenues, Expenditures, and Changes in Fund Balances		
For the Year Ended June 30, 2014	F	14
For the Year Ended June 30, 2013	G	15
Reconciliation of the Statement of Revenues, Expenditures, And Changes in Fund Balances of Governmental Funds to the Statement of Activities	H	16
Proprietary Funds:		
Statement of Net Assets	I	17

Table of Contents (Contd.)  
Town of Gibsland, Louisiana

	Statement	Page
Statement of Revenues, Expenses, and Changes in Net Position For the Year Ended June 30, 2014	J	18
For the Year Ended June 30, 2013	K	19
Statement of Cash Flows For the Year Ended June 30, 2014	L	20
For the Year Ended June 30, 2013	M	21
Notes to the Financial Statements		22
	Schedule	Page
<u>Other Supplemental Schedules</u>		
Schedule of Compensation Paid Elected Officials	1	35
<u>Other Reports</u>		
Report on Compliance and Other Matters and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		37
Current Year Findings and Recommendations	2	40
<u>Other Information</u>		
Status of Prior Audit Findings	3	43
Management's Corrective Action Plan		45

Town of Gibsland, Louisiana  
Management Discussion and Analysis  
June 30, 2014

The management of the Town of Gibsland, Louisiana offers readers of the Town of Gibsland, Louisiana's (Town) financial statements this narrative overview and analysis of the financial activities of the Town for the two years ended June 30, 2014. This management discussion and analysis ("MD&A") is designed to provide an objective analysis of the Town's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of Town finances. It is also intended to provide readers with an analysis of the Town's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Town. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Town's financial activity, identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Government issued June 2001. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information, which is in addition to the basic financial statements themselves.

### **Government-Wide Financial Statements**

Government-wide financial statements are designed by GASB Statement No. 34 to change the way in which governmental financial statements are presented. It now provides readers with a concise "entity-wide" Statement of Net Assets and Statement of Activities, which seek to give the user of the financial statements a broad overview of the Town's financial position and results of operations in a manner similar to private sector businesses.

The statement of net assets presents information on all of the Town's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. The difference between the two is reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or weakening.

Town of Gibsland, Louisiana  
Management Discussion and Analysis  
June 30, 2014

The statement of activities presents information which shows how the government's net assets changed during this fiscal year. All changes in net assets are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. uncollected taxes).

Each of these reports is broken down between governmental activities and business-type activities. Governmental activities normally are those activities that are supported by taxes, licenses, permits, fines, and intergovernmental revenues; for example, the police department. Business-type activities are functions that are intended to support their costs through charges for services or fees; such as the Water and Sewer Departments.

### Government-wide Financial Analysis

As noted earlier, net assets may, over time, serve as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the Town's assets exceeded its liabilities by \$2,695,249 (net assets); this represents a decrease of \$223,447 from the last two fiscal years. Of this total net asset amount, (\$52,082) is unrestricted net assets. The Town's net assets are comprised of \$17,031 from governmental activities and \$2,678,218 from business-type activities.

The following is a condensed statement of the Town of Gibsland's net assets as of June 30, 2014:

	Governmental-Type Activities		Business-Type Activities		Total	
	2014	2012	2014	2012	2014	2012
<b>Assets</b>						
Current & Other Assets	\$177,404	\$189,337	\$352	(\$25,914)	\$177,756	\$163,423
Capital Assets (net)	39,953	48,113	3,344,308	3,637,097	3,384,261	3,685,210
<b>Total Assets</b>	<u>\$217,357</u>	<u>\$237,450</u>	<u>\$3,344,660</u>	<u>\$3,611,183</u>	<u>\$3,562,017</u>	<u>\$3,848,633</u>
<b>Liabilities</b>						
Other Liabilities	\$200,326	\$229,755	\$131,084	\$96,402	\$331,410	\$326,157
Long-term Liabilities	0	0	535,358	603,780	535,358	603,780
<b>Total Liabilities</b>	<u>200,326</u>	<u>229,755</u>	<u>666,442</u>	<u>700,182</u>	<u>866,768</u>	<u>929,937</u>
<b>Net Assets</b>						
Invested in capital assets, net	39,953	48,113	2,706,665	2,991,680	2,746,618	3,039,793
Restricted	0	0	713	41,593	713	41,593
Unrestricted	(22,922)	(40,418)	(29,160)	(122,272)	(52,082)	(162,690)
<b>Total Net Assets</b>	<u>\$17,031</u>	<u>\$7,695</u>	<u>\$2,678,218</u>	<u>2,911,001</u>	<u>\$2,695,249</u>	<u>\$2,918,696</u>

By far the largest portion of the Town's net assets \$2,746,618 reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, town infrastructure, etc.) less any related debt used to acquire those assets still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Town of Gibsland, Louisiana  
Management Discussion and Analysis  
June 30, 2014

The balance of (\$52,082) is unrestricted net assets, which may be used to meet the government's on-going obligations to citizens and creditors.

The Town has total outstanding debt of \$866,768, which was used to finance some of the \$3,384,261 capital assets. Total liabilities of \$866,768 are equal to 32% of the total net assets.

The following is a summary of the statement of activities:

	Governmental-Type Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenue						
Program Revenue	\$1,074	\$3,328	\$334,983	\$274,139	\$336,057	\$277,467
General Revenue & Transfers	259,342	333,622	13,105	(45,827)	272,447	287,795
Total Revenue	<u>260,416</u>	<u>336,950</u>	<u>348,088</u>	<u>228,312</u>	<u>608,504</u>	<u>565,262</u>
Expenses						
General & Administrative	159,611	187,094			159,611	187,094
Public Safety	18,579	36,192			18,579	36,192
Other	51,514	135,041			51,514	135,041
Water Utilities			325,432	177,444	325,432	177,444
Sewer Utilities			161,465	144,842	161,465	144,842
Total Expenses	<u>229,704</u>	<u>358,327</u>	<u>486,897</u>	<u>322,286</u>	<u>716,601</u>	<u>680,613</u>
Increase (Decrease) in Net Assets	30,712	(21,376)	(138,809)	(93,974)	(108,097)	(115,350)
Net Assets, beginning	(13,681)	7,695	2,817,027	2,911,001	2,803,346	2,918,696
Net Assets, ending	<u>\$17,031</u>	<u>(\$13,681)</u>	<u>\$2,678,218</u>	<u>\$2,817,027</u>	<u>\$2,695,249</u>	<u>\$2,803,346</u>

	Governmental-Type Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenue						
Program Revenue	\$3,328	\$1,267	\$274,139	\$381,269	\$277,467	\$382,536
General Revenue & Transfers	333,622	291,065	(45,827)	(117,780)	287,795	173,285
Total Revenue	<u>336,950</u>	<u>292,332</u>	<u>228,312</u>	<u>263,489</u>	<u>565,262</u>	<u>555,821</u>
Expenses						
General & Administrative	187,094	134,677			187,094	134,677
Public Safety	36,192	57,201			36,192	57,201
Other	135,041	120,673			135,041	120,673
Water Utilities			177,444	261,881	177,444	261,881
Sewer Utilities			144,842	225,560	144,842	225,560
Total Expenses	<u>358,327</u>	<u>312,551</u>	<u>322,286</u>	<u>487,441</u>	<u>680,613</u>	<u>799,992</u>
Increase (Decrease) in Net Assets	(21,376)	(20,219)	(93,974)	(223,952)	(115,350)	(244,171)
Net Assets, beginning	7,695	153,260	2,911,001	3,165,879	2,918,696	3,319,139
Prior period adjustment	0	(125,346)	0	(30,926)	0	(156,272)
Net Assets, ending	<u>(\$13,681)</u>	<u>\$7,695</u>	<u>\$2,817,027</u>	<u>\$2,911,001</u>	<u>\$2,803,346</u>	<u>\$2,918,696</u>

Town of Gibsland, Louisiana  
Management Discussion and Analysis  
June 30, 2014

### Governmental Activities

The governmental activities of the Town include General Government and Public Safety. In that revenues normally associated with municipal operations, (e.g. property tax, franchise fees, license fees, fines, and operating grants) are sufficient for the funding of these activities.

### Business-type Activities

The business-type activities of the Town are those that charge a fee to customers for the services provided. The Town has two business-type activities, which are accounted for in enterprise funds. The Town uses enterprise funds to account for the revenues and expenses related to the provision of water and sewer services.

The following is a summary of the business-type activities of the Town:

	Operating Revenues Net of Purchases		
	Water	Sewer	Total
Fiscal year ended June 30, 2013	190,818	83,320	274,138
Fiscal year ended June 30, 2014	226,548	108,435	334,983
Increase (decrease) between years	35,730	25,115	60,845
	Operating Expenses		
	Water	Sewer	Total
Fiscal year ended June 30, 2013	177,444	144,834	322,278
Fiscal year ended June 30, 2014	268,621	157,288	425,909
Increase (decrease) between years	91,177	12,454	103,631
	Net Income (Loss) From Operations		
	Water	Sewer	Total
Fiscal year ended June 30, 2013	13,374	(61,514)	(48,140)
Fiscal year ended June 30, 2014	(42,073)	(48,853)	(90,926)
Increase (decrease) between years	(55,447)	12,661	(42,786)
	Operating Revenues Net of Purchases		
	Water	Sewer	Total
Fiscal year ended June 30, 2012	203,068	108,856	311,924
Fiscal year ended June 30, 2013	190,818	83,320	274,138
Increase (decrease) between years	(12,250)	(25,536)	(37,786)

Town of Gibsland, Louisiana  
Management Discussion and Analysis  
June 30, 2014

	Operating Expenses		
	Water	Sewer	Total
Fiscal year ended June 30, 2012	257,329	199,440	456,769
Fiscal year ended June 30, 2013	177,444	144,834	322,278
Increase (decrease) between years	(79,885)	(54,606)	(134,491)

	Net Income (Loss) From Operations		
	Water	Sewer	Total
Fiscal year ended June 30, 2012	(54,261)	(90,584)	(144,845)
Fiscal year ended June 30, 2013	13,374	(61,514)	(48,140)
Increase (decrease) between years	67,635	29,070	96,705

The reasons for major fluctuations noted above could not be determined in the current years.

### **Fund Financial Statements - Governmental Funds**

The fund financial statements provide more detailed information about the Town's most significant funds - not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for a particular purpose.

The Town currently maintains two individual governmental fund types. These fund types include the General Fund and Capital Projects Fund. Information is presented separately in the Governmental Funds Balance Sheet (Statement D) and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances (Statements F & G) for the General Fund and Capital Projects Fund which are both considered to be major funds.

#### **Financial Analysis of the Town's Governmental Fund**

The Town of Gibsland's governmental fund (General Fund) reported an ending fund balance of (\$22,922), which is a increase of \$17,496. The entire ending fund balance of (\$22,922) is unreserved.

### **Fund Financial Statements - Proprietary Funds**

The Town maintains two proprietary funds. Proprietary funds are used to report the same functions as business-type activities. The Town uses enterprise funds (the first type of proprietary fund) to account for its Water and Sewer Operations. These enterprise funds report the same functions presented as business-type activities in the government-wide financial statements.



Town of Gibsland, Louisiana  
Management Discussion and Analysis  
June 30, 2014

#### Financial Analysis of the Town's Proprietary Fund

The Town's proprietary funds show a decrease in ending retained earnings of (\$232,783) (Water: (\$134,655) & Sewer: (\$98,128)). The 2013 operating losses of the Water and Sewer Departments totaling \$48,140 represents an decrease in revenue of \$37,786 and an decrease in expenses of \$134,491 from 2012 figures. The 2014 operating losses of the Water and Sewer Departments totaling \$90,926 represents an increase in revenue of \$60,845 and an increase in expenses of \$103,631 from 2013 figures.

Financial statements of enterprise funds are presented on the same basis of accounting as in both the governmental-wide financial statements and the individual fund statements. All comments and analysis made under business-type activities apply to these funds.

#### General Fund Budgetary Highlights

The Town did not provided documentation for its original or any amendment to its General Fund or Capital Projects Fund budget during the course of the year.

#### Capital Asset and Debt Administration

The total investment in net capital assets as of June 30, 2014 is \$2,746,618.

There were no new major capital assets purchased or constructed in fiscal 2013 or 2014 for governmental activities or business-type activities.

#### Current Financial Factors

The Town has been released from the non-compliance list with the Legislative Auditor's Office.

#### Requests for Information

This financial report is designed to provide a general overview of the Town of Gibsland's finances for all with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Rockettia Brown, Clerk, P. O. Box 309, Gibsland, Louisiana 71028.

# WADE & PERRY

Certified Public Accountants  
A Professional Accounting Corporation  
Members: AICPA/ Society of LCPA's

## Independent Auditor's Report

Mayor and Board of Aldermen  
Town of Gibsland  
Gibsland, LA

### **Report on the Financial Statements**

We were engaged to audit the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Gibsland ("Town"), as of and for the two years ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

### ***Opinions***

The Town did not maintain adequate records of disbursements and receipts, timely reconcile bank accounts or accounts receivable or payable. The Town could not provide sufficient competent evidence to enable us to determine the accuracy and completeness of the Town's financial statements for the two years ended June 30, 2014. The condition of the Town's accounting records and management's failure to establish internal controls over the accounting records and financial reporting did not allow for the preparation of accurate and complete financial statements.

Because of the scope limitation described above, we are unable to apply other auditing procedures to satisfy ourselves as to the accuracy and completeness of the Town's financial statements. The scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the Town's financial statements listed in the table of contents.

### ***Other Matters***

#### ***Required Supplementary Information***

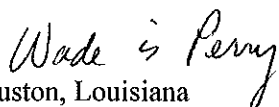
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 1-6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The management's discussion and analysis is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

Management has omitted the budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated December 11, 2014, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

  
Ruston, Louisiana  
December 11, 2014

Town of Gibsland, Louisiana  
Statement of Net Position  
As of June 30, 2014

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
ASSETS			
Cash and equivalents	\$8,517	\$25,678	\$34,195
Receivables	26,185	42,857	69,042
Internal balances	142,537	(68,896)	73,641
Restricted assets	0	713	713
Other assets	165	0	165
Capital assets (net)	39,953	3,344,308	3,384,261
TOTAL ASSETS	<u>\$217,357</u>	<u>\$3,344,660</u>	<u>\$3,562,017</u>
Deferred outflows of resources			0
LIABILITIES			
Cash overdraft			\$0
Accounts, salaries, and other payables	\$200,326	\$6,701	207,027
Current loans and interest payable		102,285	102,285
Liabilities payable from restricted assets		22,098	22,098
Loans payable		535,358	535,358
TOTAL LIABILITIES	<u>200,326</u>	<u>666,442</u>	<u>866,768</u>
Deferred inflows of resources			0
NET POSITION			
Invested in capital assets, net of related debt	39,953	2,706,665	2,746,618
Restricted for debt service		713	713
Unrestricted	(22,922)	(29,160)	(52,082)
TOTAL NET POSITION	<u>\$17,031</u>	<u>\$2,678,218</u>	<u>\$2,695,249</u>

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana  
Statement of Activities  
Year Ended June 30, 2014

	Program Revenues				Net (Expenses) Revenues and Changes of Primary Government		
	Charges for	Operating	Capital		Governmental	Business-type	
Expenses	Services	Grants and	Grants &		Activities	Activities	Total
		Contributions	Contributions				
Governmental Activities:							
General government	\$159,611				(\$159,611)		(\$159,611)
Public safety	18,579	\$1,074			(17,505)		(17,505)
Other	51,514				(51,514)		(51,514)
Total governmental activities	229,704	1,074	0	0	(228,630)	0	(228,630)
Business-type activities:							
Water utilities	325,432	226,548				(\$98,884)	(98,884)
Sewer utilities	161,465	108,435				(53,030)	(53,030)
Total business-type activities	486,897	334,983	0	0	0	(151,914)	(151,914)
Total primary government	\$716,601	\$336,057	\$0	\$0	(\$228,630)	(\$151,914)	(\$380,544)
General revenues:							
Ad valorem taxes					\$26,063	\$22,603	\$48,666
Sales taxes					57,793		57,793
Franchise fees					19,867		19,867
Licenses and permits					18,418		18,418
Intergovernmental revenues - state					84,938		84,938
Investment earnings					0		0
Other general revenues					42,765		42,765
Transfers - net					9,498	(9,498)	0
Total general revenues and transfers					259,342	13,105	272,447
Change in Net Assets					30,712	(138,809)	(108,097)
Net assets - beginning					(13,681)	2,817,027	2,803,346
							0
Net assets - ending					\$17,031	\$2,678,218	\$2,695,249

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana  
Statement of Activities  
Year Ended June 30, 2013

	Program Revenues			Net (Expenses) Revenues and Changes of Primary Government		
	Charges for	Operating	Capital	Governmental	Business-type	
Expenses	Services	Grants and	Grants &	Activities	Activities	Total
		Contributions	Contributions			
Governmental Activities:						
General government	\$187,094			(\$187,094)		(\$187,094)
Public safety	36,192	\$3,328		(32,864)		(32,864)
Other	135,041			(135,041)		(135,041)
Total governmental activities	358,327	3,328	0	(354,999)	0	(354,999)
Business-type activities:						
Water utilities	177,444	190,819			\$13,375	13,375
Sewer utilities	144,842	83,320			(61,522)	(61,522)
Total business-type activities	322,286	274,139	0	0	(48,147)	(48,147)
Total primary government	\$680,613	\$277,467	\$0	(\$354,999)	(\$48,147)	(\$403,146)
General revenues:						
Ad valorem taxes				\$25,947	\$22,502	\$48,449
Sales taxes				39,399		39,399
Franchise fees				27,337		27,337
Licenses and permits				22,491		22,491
Intergovernmental revenues - state				0		0
Investment earnings				0	53	53
Other general revenues				150,066		150,066
Transfers - net				68,382	(68,382)	0
Total general revenues and transfers				333,622	(45,827)	287,795
Change in Net Assets				(21,376)	(93,974)	(115,351)
Net assets - beginning				7,695	2,911,001	2,918,696
						0
Net assets - ending				(\$13,681)	\$2,817,027	\$2,803,345

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana  
 Balance Sheet, Governmental Funds  
 June 30, 2014

	General Fund	Total Governmental Funds
<b>ASSETS</b>		
Cash and cash investments	\$8,517	\$8,517
Receivable	26,185	26,185
Interfunds	142,537	142,537
Other assets	165	165
<b>TOTAL ASSETS</b>	<b><u>\$177,404</u></b>	<b><u>\$177,404</u></b>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts, salaries, and other payables	126,685	126,685
Interfunds	73,641	73,641
Total liabilities	<u>200,326</u>	<u>200,326</u>
Fund balances:		
Unassigned	<u>(22,922)</u>	<u>(22,922)</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$177,404</u></b>	<b><u>\$177,404</u></b>

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana  
Reconciliation of The Governmental Funds Balance Sheet  
to The Government-Wide Financial Statement of Net Assets  
June 30, 2014

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund balances, Total governmental funds (Statement D)	(\$22,922)
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Capital assets used in governmental activities are not financial resources and,  
therefore, are not reported in the governmental funds:

Governmental capital assets	\$188,419	
Less accumulated depreciation	<u>(148,466)</u>	<u>39,953</u>
Net Assets of Governmental Activities (Statement A)		<u><u>\$17,031</u></u>

The accompanying notes are an integral part of this statement.



Town of Gibsland, Louisiana  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Governmental Funds  
For the Year Ended June 30, 2014

	<u>General Fund</u>
REVENUES	
Taxes:	
Ad valorem	\$26,063
Sales and use	57,793
Franchise fees	19,867
Licenses and permits	18,418
Intergovernmental revenues - state	84,938
Fines and forfeitures	1,074
Interest earnings	0
Other revenues	<u>42,765</u>
Total Revenues	250,918
EXPENDITURES	
General government	157,799
Public safety	17,718
Other expenditures	18,903
Adjustment	<u>32,611</u>
Total Expenditures	227,031
Excess (Deficiency) of Revenues over (under) Expenditures	23,887
OTHER FINANCING SOURCES (USES)	
Operating transfers in	12,228
Operating transfers out	<u>(2,730)</u>
Total Other Financing Sources (Uses)	9,498
Net Change in Fund Balance	33,385
Fund Balance – beginning	(56,307)
Prior period adjustment	<u>0</u>
Fund Balance – ending	<u><u>(\$22,922)</u></u>

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Governmental Funds  
For the Year Ended June 30, 2013

	<u>General Fund</u>
REVENUES	
Taxes:	
Ad valorem	\$25,947
Sales and use	39,399
Franchise fees	27,337
Licenses and permits	22,491
Intergovernmental revenues - state	0
Fines and forfeitures	3,328
Interest earnings	0
Other revenues	<u>150,066</u>
Total Revenues	268,568
EXPENDITURES	
General government	183,901
Public safety	33,897
Other expenditures	91,488
Adjustment	<u>43,553</u>
Total Expenditures	352,839
Excess (Deficiency) of Revenues over (under) Expenditures	(84,271)
OTHER FINANCING SOURCES (USES)	
Operating transfers in	91,182
Operating transfers out	<u>(22,800)</u>
Total Other Financing Sources (Uses)	68,382
Net Change in Fund Balance	(15,889)
Fund Balance – beginning	(40,418)
Prior period adjustment	0
Fund Balance – ending	<u><u>(\$56,307)</u></u>

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana  
Reconciliation of The Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2012

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total governmental funds (Statement F)	\$33,385
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$0) exceeded depreciation (\$2,673) in the current period.

Expenditures for capital assets	<u>(2,673)</u>
Change in Net Assets of Governmental Activities, (Statement B)	<u>\$30,712</u>

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana  
Statement of Net Assets, Proprietary Funds  
June 30, 2014

		Business-Type Activities - Enterprise Funds	
		Totals	
		(Memorandum Only)	
		2014	2012
ASSETS			
Current assets:			
Cash and equivalents	\$16,193	\$9,485	\$25,678
Receivables	18,944	23,913	42,857
Interfunds	85,894	66,547	152,441
Total current assets	<u>121,031</u>	<u>99,945</u>	<u>220,976</u>
Restricted assets:			
Cash and equivalents	713	0	713
Non-current assets:			
Capital assets (net of accumulated depreciation)	<u>1,061,613</u>	<u>2,282,695</u>	<u>3,344,308</u>
Total Non-current assets	<u>1,061,613</u>	<u>2,282,695</u>	<u>3,344,308</u>
TOTAL ASSETS	<u>\$1,183,357</u>	<u>\$2,382,640</u>	<u>\$3,565,997</u>
LIABILITIES			
Current Liabilities:			
Cash overdraft	\$0	\$0	\$0
Accounts, salaries, and other payables	4,358	\$2,343	6,701
Interfunds	73,111	148,226	221,337
Loans and interest payable	59,225	43,060	102,285
Total current liabilities	<u>136,694</u>	<u>193,629</u>	<u>330,323</u>
Current liabilities payable from restricted assets	<u>22,098</u>	<u>0</u>	<u>22,098</u>
Non-current liabilities:			
Loans payable	<u>123,000</u>	<u>412,358</u>	<u>535,358</u>
Total non-current liabilities	<u>123,000</u>	<u>412,358</u>	<u>535,358</u>
Total liabilities	<u>281,792</u>	<u>605,987</u>	<u>887,779</u>
NET ASSETS			
Invested in capital assets, net of related debt	879,388	1,827,277	2,706,665
Restricted for debt service	713	0	713
Unrestricted	<u>21,464</u>	<u>(50,624)</u>	<u>(29,160)</u>
TOTAL NET ASSETS	<u>\$901,565</u>	<u>\$1,776,653</u>	<u>\$2,678,218</u>

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana  
Statement of Revenues, Expenses, and Changes in Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Totals Memorandum only)	
			2014	2013
Operating Revenues				
Charges for services:				
Water sales	\$202,462		\$202,462	\$175,297
Sewer charges		\$107,435	107,435	83,320
Other services	24,086	1,000	25,086	15,522
Total Operating Revenues	226,548	108,435	334,983	274,139
Operating Expenses				
Cost of sales and services	136,879	81,604	218,483	175,882
Administration	61,031	0	61,031	0
Depreciation	70,711	75,684	146,395	146,395
Total Operating Expenses	268,621	157,288	425,909	322,277
Operating income (loss)	(42,073)	(48,853)	(90,926)	(48,138)
Nonoperating revenue (expenses)				
Intergovernmental	0	22,603	22,603	22,502
Gain on sale of asset	0	0	0	0
Interest earnings	0	0	0	53
Interest expense	(17,100)	(56,293)	(73,393)	(9)
Adjustment	(39,711)	52,116	12,405	
Total Nonoperating Revenue (Expenses)	(56,811)	18,426	(38,385)	22,546
Income before contributions and transfers	(98,884)	(30,427)	(129,311)	(25,592)
Capital contributions	0	0	0	0
Transfers in	8,776	989	9,765	6,000
Transfers out	(16,428)	(2,835)	(19,263)	(74,382)
Change in Net Assets	(106,536)	(32,273)	(138,809)	(93,974)
Total Net Assets - Beginning	1,008,101	1,808,926	2,817,027	2,911,001
Prior period adjustment	0	0	0	0
Total Net Assets - Ending	\$901,565	\$1,776,653	\$2,678,218	\$2,817,027

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana  
Statement of Revenues, Expenses, and Changes in Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Totals Memorandum only)	
			2013	2012
Operating Revenues				
Charges for services:				
Water sales	\$175,297		\$175,297	\$179,558
Sewer charges		\$83,320	83,320	108,846
Other services	15,522		15,522	23,520
Total Operating Revenues	190,819	83,320	274,139	311,924
Operating Expenses				
Cost of sales and services	106,733	69,149	175,882	167,577
Administration	0	0	0	142,797
Depreciation	70,711	75,684	146,395	146,395
Total Operating Expenses	177,444	144,833	322,277	456,769
Operating income (loss)	13,375	(61,513)	(48,138)	(144,845)
Nonoperating revenue (expenses)				
Intergovernmental	0	22,502	22,502	21,442
Gain on sale of asset	0	0	0	0
Interest earnings	34	19	53	121
Interest expense	0	(9)	(9)	(30,672)
Total Nonoperating Revenue (Expenses)	34	22,512	22,546	(9,109)
Income before contributions and transfers	13,409	(39,001)	(25,592)	(153,954)
Capital contributions	0	0	0	69,345
Transfers in	6,000	0	6,000	0
Transfers out	(47,528)	(26,854)	(74,382)	(139,343)
Change in Net Assets	(28,119)	(65,855)	(93,974)	(223,952)
Total Net Assets - Beginning	1,036,220	1,874,781	2,911,001	3,165,879
Prior period adjustment	0	0	0	(30,926)
Total Net Assets - Ending	<u>\$1,008,101</u>	<u>\$1,808,926</u>	<u>\$2,817,027</u>	<u>\$2,911,001</u>

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana  
Statement of Cash Flows, Proprietary Funds  
For the Year Ended June 30, 2014

	Utility Fund	Sewer Fund	Total (Memo only)	2013
<b>Cash Flows from Operating Activities</b>				
Receipts from customers and users	\$214,204	\$83,925	\$298,129	\$251,636
Receipts from other funds	0	23,603	23,603	22,502
Payments to suppliers	(202,488)	(86,476)	(288,964)	(175,883)
Payments to employees	0	0	0	0
Payments to other funds	0	0	0	0
Net Cash Provided by Operating Activities	<u>11,716</u>	<u>21,052</u>	<u>32,768</u>	<u>98,255</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfer to other funds	(16,429)	(2,836)	(19,265)	(74,382)
Advances from other funds	<u>8,776</u>	<u>989</u>	<u>9,765</u>	<u>6,000</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(7,653)</u>	<u>(1,847)</u>	<u>(9,500)</u>	<u>(68,382)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Purchases of capital assets	0	0	0	0
Adjustment	(39,710)	52,117	12,407	0
Principal paid on capital debt	(3,586)	(28,422)	(32,008)	0
Interest paid on capital debt	(7,933)	(41,225)	(49,158)	(9)
Capital contributions	0	0	0	0
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(51,229)</u>	<u>(17,530)</u>	<u>(68,759)</u>	<u>(9)</u>
<b>Cash Flows from Investing Activities</b>				
Interest and dividends received	0	0	0	53
Net Cash Provided by Investing Activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>53</u>
<b>Net Increase in Cash and equivalents</b>	<u>(47,166)</u>	<u>1,675</u>	<u>(45,491)</u>	<u>29,917</u>
<b>Cash and equivalents, Beginning of Year</b>	<u>64,072</u>	<u>7,810</u>	<u>71,882</u>	<u>41,965</u>
<b>Cash and equivalents, End of Year</b>	<u><u>\$16,906</u></u>	<u><u>\$9,485</u></u>	<u><u>\$26,391</u></u>	<u><u>\$71,882</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities</b>				
Operating income	(\$42,073)	(\$48,853)	(\$90,926)	(\$25,638)
Depreciation expense	70,711	75,684	146,395	146,395
(Increase) decrease in accounts receivable	0	(907)	(907)	0
(Increase) decrease in intergovernmental funds	0	22,603	22,603	0
(Increase) decrease in due from other funds	0	(22,603)	(22,603)	(22,502)
Increase (decrease) in customer deposits	(12,344)	0	(12,344)	0
Increase (decrease) in accounts payable	(4,578)	(4,872)	(9,450)	0
Increase (decrease) in due to other funds	0	0	0	0
Net Cash Provided by Operating Activities	<u><u>\$11,716</u></u>	<u><u>\$21,052</u></u>	<u><u>\$32,768</u></u>	<u><u>\$98,255</u></u>
<b>Reconciliation of total cash and cash investments:</b>				
Current assets - cash and cash investments	\$16,193	\$9,485	\$25,678	\$30,290
Restricted assets - cash and cash investments	<u>713</u>	<u>0</u>	<u>713</u>	<u>41,593</u>
Total cash and cash investments	<u><u>\$16,906</u></u>	<u><u>\$9,485</u></u>	<u><u>\$26,391</u></u>	<u><u>\$71,882</u></u>

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana  
Statement of Cash Flows, Proprietary Funds  
For the Year Ended June 30, 2013

	Utility Fund	Sewer Fund	Total (Memo only)	2012
<b>Cash Flows from Operating Activities</b>				
Receipts from customers and users	\$190,818	\$60,818	\$251,636	\$284,598
Receipts from other funds	0	22,502	22,502	21,442
Payments to suppliers	(106,733)	(69,150)	(175,883)	(52,342)
Payments to employees	0	0	0	(131,082)
Payments to other funds	0	0	0	0
Net Cash Provided by Operating Activities	<u>84,085</u>	<u>14,170</u>	<u>98,255</u>	<u>122,616</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfer to other funds	(47,528)	(26,854)	(74,382)	(139,343)
Advances from other funds	6,000	0	6,000	0
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(41,528)</u>	<u>(26,854)</u>	<u>(68,382)</u>	<u>(139,343)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Purchases of capital assets	0	0	0	(59,996)
Prior period adjustments	0	0	0	41,514
Principal paid on capital debt	0	0	0	(34,799)
Interest paid on capital debt	0	(9)	(9)	(32,378)
Capital contributions	0	0	0	69,345
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>0</u>	<u>(9)</u>	<u>(9)</u>	<u>(16,314)</u>
<b>Cash Flows from Investing Activities</b>				
Interest and dividends received	34	19	53	121
Net Cash Provided by Investing Activities	<u>34</u>	<u>19</u>	<u>53</u>	<u>121</u>
<b>Net Increase in Cash and equivalents</b>	<u>42,591</u>	<u>(12,674)</u>	<u>29,917</u>	<u>(32,920)</u>
<b>Cash and equivalents, Beginning of Year</b>	<u>21,481</u>	<u>20,484</u>	<u>41,965</u>	<u>74,885</u>
<b>Cash and equivalents, End of Year</b>	<u><u>\$64,072</u></u>	<u><u>\$7,810</u></u>	<u><u>\$71,882</u></u>	<u><u>\$41,965</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities</b>				
Operating income	\$13,374	(\$61,514)	(\$48,140)	(\$108,778)
Depreciation expense	70,711	75,684	146,395	121,274
(Increase) decrease in accounts receivable	0	0	0	0
(Increase) decrease in intergovernmental funds	0	22,502	22,502	20,792
(Increase) decrease in due from other funds	0	(22,502)	(22,502)	74,437
Increase (decrease) in customer deposits	0	0	0	3,800
Increase (decrease) in accounts payable	0	0	0	11,861
Increase (decrease) in due to other funds	0	0	0	0
Net Cash Provided by Operating Activities	<u>\$84,085</u>	<u>\$14,170</u>	<u>\$98,255</u>	<u>\$123,386</u>
<b>Reconciliation of total cash and cash investments:</b>				
Current assets - cash and cash investments	\$38,419	(\$8,129)	\$30,290	\$103,440
Restricted assets - cash and cash investments	25,653	15,940	41,593	109,342
Total cash and cash investments	<u><u>\$64,072</u></u>	<u><u>\$7,810</u></u>	<u><u>\$71,882</u></u>	<u><u>\$212,782</u></u>

The accompanying notes are an integral part of this statement.



Town of Gibsland, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended June 30, 2014

## INTRODUCTION

The Town was incorporated under the provisions of Louisiana Revised Statutes 33:52. The Town operates under a form of government consisting of an elected mayor and a Town council, which has five elected members. The Town, with 7 employees, provides public safety, public works, utility services, and administrative services to its residents. The Town consists of approximately 1,000 citizens.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Town is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town have been prepared in conformity with U.S. generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

In June, 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Town's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Town's activities, including infrastructure (if any).
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

#### A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Town of Gibsland, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended June 30, 2014

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charge to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivables due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Town reports the following major proprietary funds:

The Water fund is to account for the provision of water services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, but not limited to, administration, operations, maintenance, financing, and related debt service and billing.

Town of Gibsland, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended June 30, 2014

The Sewer fund is to account for the provision of sewer services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, but not limited to, administration, operations, maintenance, financing, and related debt service and billing.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the governments enterprise operations. Elimination of those charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Principal operating revenues of the proprietary funds include water and sewer services to the residents of the Town. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

#### C. Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Town's investment policy allow the Town to invest in collateralized certificates of deposits, government back securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. Investments for the Town are reported at fair value.

#### D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the

Town of Gibsland, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended June 30, 2014

governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectives. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

<u>Taxes due for:</u>	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General operations and maintenance	12.90	11.60	6/30/14
Sewer District	5.81	5.03	6/30/14
Sewer Bond	5.81	5.03	6/30/14

The following are the principal taxpayers and related property tax revenue for the Town:

<u>Taxpayer</u>	<u>Type of business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>	<u>Ad valorem Tax Revenue for Town</u>
Gibsland Bank & Trust	financial institution	443,600	19.74%	\$9,608
Total		<u>443,600</u>	<u>19.74%</u>	<u>\$9,608</u>

*Sales Taxes.* Sales taxes are collected by Bienville parish sales and use tax commission and remitted to the Town. Amounts remitted during the current period and amounts collected by the governmental agency during the current period and remitted within 60 days to the Town are recognized as revenue. The Town's sales tax percentage is 2 per cent.

E. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

F. Restricted Assets

Restricted assets include cash and cash investments in the Proprietary funds which are restricted to their use. These restrictions are principally related to requirements of bond issues and utility meter deposits. It is the Town's policy to use restricted assets before unrestricted assets for their intended purposes.

Town of Gibsland, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended June 30, 2014

G. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Water and sewer system and lines	40 years
Buildings and improvements	10-27 years
Vehicles	3-5 years
Equipment	3-7 years

H. Compensated Absences

The Town has the following policy relating to vacation and sick leave:

The Town's full time employees receive sick and vacation time at the beginning of each calendar year. Vacation time must be used during the course of the calendar year. Unused sick time may be carried forward to the next year. The Town's sick and vacation time at June 30, 2014, was not material to the financial statements and was not recorded.

I. Long-Term Obligations

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

J. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented only for enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Town of Gibsland, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended June 30, 2014

K. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from the estimates.

L. Reconciliations of Government-Wide and Fund Financial Statements

*Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.* The following reconciles the fund balances of governmental funds to the government-wide statement of net assets.

Governmental capital assets	\$188,419
Less accumulated depreciation	<u>(148,466)</u>
Net adjustment	<u>\$39,953</u>

*Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.* The following reconciles the net changes in fund balance-total governmental funds to the changes in net assets of governmental activities.

Expenditures for capital assets	\$0
Depreciation	<u>(2,673)</u>
Net adjustment	<u>(\$2,673)</u>

M. RISK MANAGEMENT

The town is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the town maintains commercial insurance policies covering its vehicles, professional liability and surety bond coverage. No claims were paid on any of the policies which exceeded to policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended June 30, 2014.

N. GOVERNMENTAL FUND BALANCE

Beginning with fiscal year 2011, the Town implemented GASB Statement 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Town of Gibsland, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended June 30, 2014

Nonspendable - amounts that are not in spendable form (such as prepaids) or are required to be maintained intact.

Restricted - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed - amounts constrained to specific purpose by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint.

Assigned - amounts the government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned - amounts that are available for any purpose; positive amounts are reported only in the general fund.

The governing body establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balances is established by the governing body through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

## 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

*BUDGET INFORMATION* The Town uses the following budget practices:

The Town did not adopt a budget for the years ended June 30, 2014 and June 30, 2013 for the General fund. The Town follows the following procedures in establishing the budgetary data reflected in the financial statements. During the June meeting, the Town clerk submits to the board of aldermen a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and expenses and the means of financing them. During the June meeting, the budget is legally enacted through passage of an ordinance. The public is invited to attend all meetings. The Town clerk is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures or expenses of any fund must be approved by the board of aldermen. Appropriations lapse at the end of the year.

*EXCESS OF EXPENDITURES OVER APPROPRIATIONS.* The following individual funds had actual expenditures over budgeted appropriations for the year ended June 30, 2014. No budgets were provided to compare actual to budget figures.

## 3. CASH AND CASH EQUIVALENTS

At June 30, 2014, the Town has cash and cash equivalents (book balances) totaling \$34,908 as follows:

Town of Gibsland, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended June 30, 2014

Demand deposits	\$34,891
Time deposits	<u>17</u>
Total	<u><u>\$34,908</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2014, the Town has \$34,908 in deposits (collected bank balances). These deposits are secured from risk by \$34,908 of federal deposit insurance and \$0 of pledged securities held by the custodial bank in the name of the fiscal agent bank. (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

#### 4. INVESTMENTS

Investments include a certificate of deposit with a maturity of 12 months that has been included in cash and equivalents in the basic financial statements. Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Town or its agent in the Town's name
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Town's name
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Town's name

At fiscal year-end, the Town's investments balances were as follows:

Type of investment	Category			Carrying amount			Total Carrying Amount
	1	2	3	Fair Value	Amortized Cost	Cost	
Certificate of deposit	\$17	\$0	\$0	\$17	\$0	\$0	\$17
Total investments	<u>\$17</u>	<u>\$0</u>	<u>\$0</u>	<u>\$17</u>	<u>\$0</u>	<u>\$0</u>	<u>\$17</u>

#### 5. RECEIVABLES

The receivables of \$69,042 at June 30, 2014, are as follows:



Town of Gibsland, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended June 30, 2014

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Utility Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Sales and use taxes	\$9,655			\$9,655
Franchise fees	7,299			7,299
Ad valorem taxes	9,231		\$9,231	18,462
Accounts		\$18,944	14,682	33,626
Total	<u>\$26,185</u>	<u>\$18,944</u>	<u>\$23,913</u>	<u>\$69,042</u>

The Town's policy for bad debt accounting and write-offs is to send a letter to the occupant and owner after the due date. After 60 days, the utility line is sealed close. Reconnect fees must be paid to have service resumed. For deceased accounts, the clerk requests permission from the board to adjust the accounts to close.

#### 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2014 is as follows:

Due To/From Other Funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	General fund	\$68,896
Sewer fund	Sewer fund	(81,679)
Utility fund	Utility fund	12,783
Total		<u>\$0</u>

The balances consist of allocations for accounting fees, payroll and payroll taxes, and assisting the Sewer fund in the payment of its note.

#### 7. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2014, for the primary government is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$23,642			\$23,642
Total capital assets not being depreciated	<u>23,642</u>	<u>0</u>	<u>0</u>	<u>23,642</u>
Capital assets being depreciated:				
Buildings	44,513			44,513
Machinery and equipment	92,276			92,276
Infrastructure	27,989			27,989
Total capital assets being depreciated	<u>164,778</u>	<u>0</u>	<u>0</u>	<u>164,778</u>
Accumulated depreciation	<u>140,306</u>	<u>\$8,161</u>		<u>148,467</u>
Total capital assets being depreciated, net	<u>\$48,114</u>	<u>(\$8,161)</u>	<u>\$0</u>	<u>\$39,953</u>

Town of Gibsland, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended June 30, 2014

	Beginning Balance (adjusted)	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$49,175			\$49,175
Construction in progress	0			0
Total capital assets not being depreciated	<u>49,175</u>	<u>0</u>	<u>0</u>	<u>49,175</u>
Capital assets being depreciated:				
Buildings	49,094			49,094
Improvements other than buildings	5,565,708			5,565,708
Machinery and equipment	60,730			60,730
Vehicles	21,185			21,185
Total capital assets being depreciated	<u>5,696,717</u>	<u>0</u>	<u>0</u>	<u>5,696,717</u>
Accumulated depreciation	<u>2,108,794</u>	<u>\$292,790</u>		<u>2,401,584</u>
Total capital assets being depreciated, net	<u>\$3,637,098</u>	<u>(\$292,790)</u>	<u>\$0</u>	<u>\$3,344,308</u>

Depreciation expense of \$8,161 (\$5,488 for 2013 and \$2,673 for 2014), was charged to the following governmental functions:

General government	\$5,005
Public safety	<u>3,156</u>
Total	<u>\$8,161</u>

#### 8. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$133,386 at June 30, 2014, are as follows:

	General Fund	Utility Fund	Sewer Fund	Total
Accounts	<u>\$126,685</u>	<u>\$4,358</u>	<u>\$2,343</u>	<u>\$133,386</u>
Total	<u>\$126,685</u>	<u>\$4,358</u>	<u>\$2,343</u>	<u>\$133,386</u>

#### 9. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended June 30, 2014:

Town of Gibsland, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended June 30, 2014

	<u>Loans payable</u>
Long-term obligations, 6/30/12	\$645,876
Adjustments	30,375
Deductions	<u>(34,798)</u>
Long-term obligations, 6/30/13	641,453
Additions	0
Deductions	<u>(32,008)</u>
Long-term obligations, 6/30/14	<u><u>\$609,445</u></u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2014:

	<u>Loans payable</u>
Current portion	\$74,087
Long-term portion	<u>535,358</u>
Total	<u><u>\$609,445</u></u>

Five loans outstanding at June 30, 2014, are loans payable to the U.S. Department of Agriculture - Farmers Home Administration with interest rates from 4.5% to 6.75%. One loan outstanding at June 30, 2014, is payable to Gibsland Bank & Trust with an interest rate of 6%. Principal and interest payable in the next fiscal year are \$80,315 and \$45,603, respectively. The individual issues are as follows:

<u>Loan number</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Final Payment Due</u>	<u>Interest to Maturity</u>	<u>Principal Outstanding</u>	<u>Funding Source</u>
Loan 91-01	11/20/80	5.00	2020	\$45,750	\$171,000	USDA
Loan 92-01	7/15/83	5.00	2023	13,500	46,000	USDA
Loan 92-02	7/15/83	5.00	2022	28,425	95,350	USDA
Loan 92-03	7/15/83	5.00	2023	11,200	42,000	USDA
Loan 92-08	3/8/99	4.50	2039	160,551	254,008	USDA
9908001	5/6/09	6.00	2014	150	1,087	GB&T

At June 30, 2014, the Town has accumulated \$0 for future debt repayments. The annual requirements to amortize all loans outstanding at June 30, 2014, including interest of \$240,493 is as follows:

<u>Year Ending June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2015	\$80,315	\$45,603	\$125,918
2016	40,560	24,697	65,257
2017	42,861	22,696	65,557
2018	44,176	20,580	64,756
2019	46,506	18,401	64,907

Town of Gibsland, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended June 30, 2014

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>2020 and thereafter</u>	<u>Payments</u>	<u>Payments</u>	
	355,027	108,516	463,543
Total	<u>\$609,445</u>	<u>\$240,493</u>	<u>\$849,938</u>

10. ON BEHALF PAYMENTS FOR SALARIES

The Town recognizes as general fund revenues and expenses supplemental pay made by the State of Louisiana to the Town's police employees. For the year ended June 30, 2014, we were unable to determine the amount the State made in contributions.

11. CONTINGENT LIABILITIES

At June 30, 2014, there was one litigation pending against the Town of Gibsland. Counsel for the Town believes the suit has a potential for small liability but is unsure of that amount.

12. FUND DEFICIT/BALANCE

At June 30, 2014, the General Fund had a fund deficit of \$22,922. The Town's plan is to post receipts and disbursements currently and set up internal controls to eliminate the deficit.

13. NEW ACCOUNTING PRONOUNCEMENTS

During the year ended June 30, 2014, the District adopted GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net position is renamed the statement of net position and includes the following elements: assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

14. OTHER MATTERS

During the two years ended June 30, 2014, the previous mayor plead guilty to malfeasance in office for not performing the duties lawfully required of him. The date of his guilty plea was February 26, 2014. As of November 15, 2013, a fiscal administrator was appointed by the 2<sup>nd</sup> Judicial District Court.

15. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 11, 2014. This date represents the date the financial statements were available to be issued.

## OTHER SUPPLEMENTAL SCHEDULES

Town of Gibbsland  
Schedule of Compensation Paid Board Members  
For the Year Ended June 30, 2014

Schedule 1

<u>Board Member</u>	<u>Amount</u>
Odis Key, Mayor	\$4,000
Marketris Jones, Interim Mayor	2,800
Timmy Cato	2,400
Delinda Wright	2,400
Katherine Mixon	2,400
Alvin Pearson	2,400
Total	<u>\$16,400</u>

The accompanying notes are an integral part of this schedule.

## OTHER REPORTS

# WADE & PERRY

Certified Public Accountants  
A Professional Accounting Corporation  
Members: AICPA/ Society of LCPA's

**REPORT ON COMPLIANCE AND OTHER MATTERS AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

## Independent Auditor's Report

Mayor and Town Council  
Town of Gibsland  
Gibsland, Louisiana

We were engaged to audit the financial statements of the governmental activities, the business-type activities, each major fund of Town of Gibsland as of and for the two years ended June 30, 2014, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 11, 2014. We did not express an opinion on the financial statements because the Town did not maintain adequate records of disbursements or properly reconcile bank accounts, accounts receivable and accounts payable.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses of significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the



deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses. 2014-1, 2014-2, 2014-4, 2014-6, 2014-7.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies. 2014-1, 2014-2, 2014-4, 2014-6, 2014-7.

### **Compliance and Other Matters**

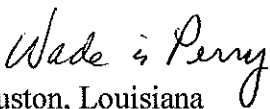
As part of obtaining reasonable assurance about whether Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2014-3, 2014-5.

### **Town's Response to Findings**

District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Ruston, Louisiana  
December 11, 2014

## OTHER INFORMATION

Town of Gibsland  
Schedule of Findings and Questioned Costs  
For the Two Years Ended June 30, 2014

PART I. Summary of Audit Results

Financial statement audit

1. The type of audit report issued was a disclaimer.
2. There were five significant deficiencies required to be disclosed by Governmental Auditing Standards issued by the Comptroller General of the United States of America. All five of these significant deficiencies were reported as material weaknesses.
3. There were two instances of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statement.

Audit of Federal Awards

1. There were no federal awards received.

PART II. Findings related to financial statements which are required to be reported in accordance with Governmental Auditing Standards generally accepted in the United States of America:

2014-1. General accounting - This finding is entity wide.

Bank accounts were not posted and reconciled timely. There is no central general ledger for all receipts and disbursements for the two years ended June 30, 2014.

Payroll related liabilities were not paid timely.

There was no support provided for the balance of customer deposits. The balance in the bank accounts restricted for customer deposits is less than the balance per the general ledger.

There was no support provided for minutes being published in the official journal.

Recommendation: Procedures and job descriptions must be established for maintenance of the accounting records. These procedures should include monthly reconciliations of accounts receivable sub ledger to the general ledger. Procedures should be established to ensure that bills are paid on time including payroll taxes. A full-time clerk has been hired and she is receiving training and instruction from the Fiscal administrator. Accounting duties should be further segregated and proper approval steps implemented. A clear chain of command should be established.

2014-2. Lack of segregation of duties - Due to limited personnel, the Town does not have an adequate segregation of duties regarding its accounting and reporting system to maintain a complete system of internal control. This finding is entity wide.

Recommendation: A full-time clerk has been hired and she is receiving training and instruction from the Fiscal administrator. Accounting duties should be further segregated and proper approval steps implemented. A clear chain of command should be established.

2014-3. No budget was provided as adopted for the years ended June 30, 2014 and June 30, 2013 for the General fund. This finding is specific to the General fund.

Recommendation: The Town should follow its budget practices as in the past and adopt a balanced budget before the year begins. Then the Town should monitor budget and actual numbers throughout the year and amend the budgets as necessary.

2014-4. Not all traffic ticket information was maintained for the two years ended June 30, 2014 so no tests were performed on collections or outstanding tickets.

Recommendation: A third party CPA should be contracted to assist with this issue until the staff are adequately trained.

- 2014-5. For municipalities, it is a requirement (R.S. 33:425) to prepare monthly financial statements and present them to the governing body. This finding is entity wide.

The town could not prepare monthly financial statements as the bank accounts were not reconciled timely.

Recommendation: A full-time clerk has been hired and she is receiving training and instruction from the Fiscal administrator. Accounting duties should be further segregated and proper approval steps implemented.

- 2014-6. Internal control over disbursements is inadequate. This finding is entity wide.

A complete general ledger could not be produced to select disbursements for testing.

Recommendation: The Town should maintain adequate supporting documentation for all disbursements of the town and furnish requested information to the auditors.

- 2014-7. Utility collections/Public works. This finding is for the Water and Sewer funds.

After discussing with the Fiscal Administrator the availability of the records maintained by the Town for the two years ending June 30, 2014, we agreed that any testing of the Utility and Sewer funds would be futile since there are little to no records.

Per the Fiscal Administrator's letter dated August 26, 2014, he had reasonable cause to believe misappropriation of funds had occurred. He found discrepancies regarding water and sewer collections and postings to the utility billing system. Then he performed a detailed review of all customer collections for several months which resulted in numerous shortages in deposits. He terminated the water clerk on July 8, 2014 and informed the local sheriff's office.

Recommendation: The Town should maintain adequate supporting documentation for all receipts of the town.

Town of Gibsland  
Summary of Prior Year Findings  
For the Two Years Ended June 30, 2014

**A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS**

- 2012-1. General accounting insufficient.  
Conclusion: Unresolved - See 2014-1
- 2012-2. Lack of segregation of duties  
Conclusion: Unresolved - See 2014-2
- 2012-3. No budget provided  
Conclusion: Unresolved - See 2014-3
- 2012-4. Traffic ticket information insufficient for testing  
Conclusion: Unresolved - See 2014-4
- 2012-5. No monthly financial statements presented to governing body  
Conclusion: Unresolved - See 2014-5
- 2012-6. Inadequate internal control over disbursements  
Conclusion: Unresolved - See 2014-6
- 2012-7. Utility collections/Public works not provided for testing  
Conclusion: Unresolved - See 2014-7
- 2012-8. Late submission of audit report  
Conclusion: Resolved
- 2012-9. Questionnaires not signed and provided to the auditor  
Conclusion: Resolved

**B. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS**

None

**C. MANAGEMENT LETTER**

None

TOWN OF GIBSLAND  
P.O. Box 309  
Gibsland, LA 71028

CORRECTIVE ACTION PLAN  
For the Year Ended June 30, 2014

Town of Gibsland hereby submits the following corrective action plan as referenced in the Findings and Questioned Costs:

**The following corrective action plan is prepared by David K. Greer, CPA, Fiscal Administrator and submitted for the Town of Gibsland in response to audit findings by Wade & Perry CPAs in the financial audit report for the two years ended June 30, 2014.**

As mentioned in the notes to the financial statements contained in this report, on November 15, 2013, a fiscal administrator was appointed by the 2<sup>nd</sup> Judicial District Court. When the fiscal administrator began his duties in the Town of Gibsland on November 20, 2013, he found the following:

1. There was no town clerk and the town had operated for two years without a town clerk.
2. Most official records of the town were in the hands of the Bienville Parish Sheriff who had seized the records for investigative purposes.
3. Accounting records had not been posted for the prior nine months.
4. Ordinances and official minutes of council meetings were not available.
5. Financial obligations including federal and state tax withholdings, insurance, unemployment, United States Department of Agriculture loans, and vendor invoices were not paid in a timely manner and some had not been paid in over three years.
6. Revenue of the town was not sufficient to pay current operating expenses AND pay the unpaid obligations that had accumulated.
7. On November 22, 2013, the Internal Revenue Service seized all bank account balances including meter deposits and United States Department of Agriculture reserve and contingency accounts. The IRS returned \$17,000 of the amounts seized.

In January 2014, the Bienville Parish Sheriff returned most of the records that had been seized, however, ordinances and official minutes were still not found. In December 2013, an employee was hired to post transactions for the prior ten months. In January 2014, a town clerk was hired, however, he resigned in May, 2014. On February 26, 2014, Mayor Odell Key pleaded guilty to malfeasance in office for not lawfully performing the duties required of him. Mr. Key submitted his resignation as Mayor. In March 2014, a water and sewer rate increase was implemented to generate additional revenue for the town. A new town clerk was hired in June 2014.



## **Corrective Action in Response to Audit Recommendations**

### **Recommendation 2014-1**

We have developed procedures for the maintenance of accounting records and are in the process of formalizing these procedures in a financial operations guide. The town clerk has posted cash receipts and disbursements transactions to QuickBooks and bank reconciliations have been prepared each month for the general fund and water/sewer accounts. We have not yet posted accounts receivable and accounts payable to the general ledger but will begin to do so in January 2015. The accounts receivable sub ledger will be reconciled to the general ledger every month. A full-time town clerk has been hired and the fiscal administrator has worked closely with her to ensure that she understands the financial and other duties of the town clerk's position. A clear chain of command has been established and a new mayor will take office on January 1, 2015. The new mayor will have review and approval responsibilities to provide greater reliance on existing controls considering the small size of the staff of the Town of Gibsland.

Payroll related liabilities are being paid and payment arrangements for past due obligations have been implemented. There is support for the amounts that should be in the meter deposit account, however, we have not started to replace the amounts seized by the IRS or to provide the proper amount of funding from past deficiencies. Other past due obligations are of greater priority. Minutes are currently prepared for each meeting of the Board of Aldermen and published in the official journal.

### **Recommendation 2014-2**

As previously mentioned a full-time town clerk has been hired and the fiscal administrator has worked closely with her to ensure that she understands the financial and other duties of the town clerk's position. As much as is practical considering the limited number of employees of the town, accounting duties have been segregated between the town clerk and water clerk and approval steps have been implemented. The new mayor will also be an integral part of the review and approval process and will be an integral part of the internal control structure.

### **Recommendation 2014-3**

In June 2014, the Board of Aldermen of the Town of Gibsland approved budgets for both the general fund and water/sewer funds for the fiscal year ending June 30, 2015. We have been monitoring this budget compared to actual numbers each month and will be amending the budget in early 2015. Because the town has not developed budgets over the past several years and has not paid all financial obligations, it was and remains difficult to develop a budget to properly reflect the current operating expenses and all past due obligations. However, we will continue to monitor and revise the existing budget as necessary. The town clerk will submit a budget for the 2016 fiscal year to the Board of Aldermen for review and approval prior to the beginning of the new fiscal year.

#### Recommendation 2014-4

The audit recommends that a third party CPA should be contracted to assist the town with traffic ticket information. While this may still be necessary later and is a valid observation for the audit period, currently all tickets are tracked and collections are deposited to the town's general fund. The town's attorney has presided over Magistrate Court for the purpose of resolution of disputed violations. With the help and assistance of the town attorney, procedures and controls have been implemented and are being followed. We believe that at this time, staff have been adequately trained.

#### Recommendation 2014-5

As previously mentioned a full-time town clerk has been hired and the fiscal administrator has worked closely with her to ensure that she understands the financial and other duties of the town clerk's position. As much as is practical considering the limited number of employees of the town, accounting duties have been segregated between the town clerk and water clerk and approval steps have been implemented. The new mayor will also be an integral part of the review and approval process and will be an integral part of the internal control structure.

Monthly financial statements are being prepared and bank accounts are being reconciled to the general ledger for all accounts. The monthly financial statements have been and will continue to be presented to the Board of Aldermen for their regular monthly meetings.

#### Recommendation 2014-6

The town currently maintains vendor files for all disbursement transactions. All disbursement transactions are currently reviewed and approved by the fiscal administrator and the new mayor will assume this responsibility after the fiscal administrator is released by the court. All requested information from the auditors will be supplied in the future.

#### Recommendation 2014-7

While this is a valid observation for the majority of the period under audit, since the fiscal administrator has been involved, we have maintained adequate supporting documentation for all receipts of the town and will continue to do so.